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Dear Client:

**The City of Austin and the County of Travis are t-h-i-i-s-s close to adopting spending plans for the next fiscal year, and the Greater Austin chamber of Commerce (GACofC) is urging spending cuts to avoid a tax increase.**

In fact, the GACofC Board endorsed a minimum of **\$38.2 million in permanent reductions** in the city's 2004 budget and strongly recommended **additional permanent cuts** to avoid the need for a tax increase in 2005.

The Chamber wants to see the city take a long-term approach to budgeting, making permanent reductions and finding additional cost savings this year to avoid more dramatic cuts and another tax increase in 2005. The Chamber is officially recommending that the city **"base its spending on a prioritization of community needs, rather than bowing to lobbying efforts."**

The GACofC recommended the city **hold the line at 2% on pay raises for public safety employees** and avoid raiding utility or reserve funds. It also urged the city to "continue its efforts to identify cost savings from consolidating or coordinating services with other jurisdictions." **Robena Jackson**, the chair of the Chamber's Local Issues Committee, said if the city followed these and other Chamber recommendations, "the Chamber will **support a tax increase** to the effective rate."

But the Chamber board has voted unanimously to oppose the property tax increase in the proposed Travis County budget. Again, it said it favored cost efficiencies and consolidated services. Jackson said "we have looked at the tax rates of other urban counties in Texas and wondered why **Travis County has the highest rate per capita.**"

"Commissioners Court should study programs and staffing levels in other urban counties and identify opportunities that would work here," Jackson urged.  
**"An increase in population is not an acceptable reason for an equal increase in the number of county employees."**

Jackson said the Chamber could help review the budgets of other urban counties to identify cost savings. "We have to realize the **county represents about 16% of the local tax burden**, and there is a desire in the community to lower that burden instead of raising it," said Jackson.

**September is an important month. This summer will set the baseline that determines the amount of pollution Central Texas must reduce to meet federal standards, and air pollution levels are traditionally at their worst in September.**

Why September? Think about it. Pollution from cars and trucks is the largest contributor to ground level ozone in the Austin area. September is when school buses are running, the universities are buzzing with activity and **weather conditions are perfect** for forming ground-level ozone.

Ground-level ozone is an **odorless, colorless gas that's harmful to human health**, causing lung irritation and difficulty breathing. It's a secondary pollutant, meaning that it forms when nitrogen oxides and volatile organic compounds combine in sunlight and heat. (Hope for cool, cloudy, breezy days!)

This September is more important than ever. Why? Well, Central Texas has signed an Early Action Compact with the Texas Commission on Environmental Quality and the US Environmental Protection Agency. The baseline will be set on the ozone/pollution levels we record this summer.

If the Austin area experiences low ozone levels this summer, then Central Texas will have a little **more flexibility in meeting federal standards**. If fewer reduction actions are needed because we have lower levels of ozone, then the region will have more choice in how to accomplish those reductions.

“If we can avoid reaching unhealthy ozone levels this month, it may mean we can be a little more creative with our solutions in the future,” said **Fred Blood**, Sustainability Officer for the City of Austin. “Instead of having to use every option on the table, we can stick with the **strategies that make the most sense** for Central Texas.”

So what can you do? Watch for days that are designated Ozone Action Days. This is when conditions are right for ozone to rise above healthy levels. On those days, do what you can to minimize driving (**don't hop in the car to go to lunch**, for instance) and **don't run power mowers or fill up your jalopy until after 6pm**. Simple steps such as these, replicated thousands of times, can help make the difference between an ozone level that's merely above average and a level that's unhealthy – leading to tough environmental sanctions down the road.

**During this down year for air travel, which US airports are the busiest?** Atlanta Hartsfield tops the list by far (76.9 million passengers year-to-date). In second place is Chicago O'Hare (66.6 million passengers), followed by Los Angeles International (56.2 million passengers) and Dallas/Fort Worth (52.8 million). Phoenix Sky Harbor and Denver International were #5 and #6.

**Texas-based Southwest Airlines fought Congressional battles to remain at Love Field in Dallas. It used “Love” in its slogan for years and its stock market symbol is LUV. So, after 32 years, why is Southwest falling out of love with Love Field?**

Frankly, there are more attractive suitors for Southwest elsewhere. Oh, Southwest is not divorcing itself from Love Field. It still has its headquarters there. And there are about 130 Southwest departures each day from Love Field. Frequent fliers love Love Field if for no other reason than, in these days of suffocating security, the terminal at Love Field is a relative breeze for travelers to negotiate.

But Southwest is in the big leagues now. It **carried more passengers** in the US in May than any other carrier – the first time a discount airline has ever done that. And, in these days of shrinking airline capacity, Southwest is **growing faster** than any other airline, **did not have layoffs** after 9/11 (as was the rule for other airlines), and during the worst of times for airlines, is still **making a profit**. It dominates all other airlines at Austin-Bergstrom International Airport (ABIA). Impressive!

As a result, other airports now generate more business for Southwest than Love Field. In fact, **Love Field is not even Southwest’s Number One airport in Texas**. Houston Hobby holds that distinction. There are five US airports where Southwest has more daily departures than it does at Love Field.

Phoenix Sky Harbor (182 daily departures), Las Vegas McCarron (173), Baltimore/Washington (156), Houston Hobby (141) and Chicago Midway (132) all have more Southwest Airlines daily departures than Dallas Love Field (130). Interestingly, **Southwest is the Number One carrier at each of these airports**.

The airline that started with the slogan “**How Do We Love You? Let Us Count The Ways**” has showered so much love on its passengers it has moved from upstart to dominance. In addition to carrying more passengers – by far – than any other airline at ABIA, Southwest also is **Number One at other major airports**, far from Dallas Love Field, such as Oakland and San Diego, as well as Nashville. But don’t think Southwest is going through a trial separation from Love Field. It still has about 6,200 employees based there for its headquarters and airplane maintenance operations, according to *The Dallas Morning News*.

**While we’re on the subject of air travel, what can you expect between now and year-end, after this week’s Labor Day holiday marked the end of the summer peak travel season?**

First of all, look for fares to stay low, and look for airlines to trot out incentives for business travelers. But don’t think you’ll find a lot of empty seats. Airlines have scaled back flights, and in many cases, are flying smaller planes. So planes could actually be more full.

**Now that the traditionally slow leasing month of August is behind us, what's the status of our office building market?**

In a word, puny. Or, if you prefer, stagnant. Oh sure, if you look at the numbers one way you can say, hey, sublease space is diminishing. And while this is true, the diminution of sublease space is offset by an increase in office space available via direct lease. Six of one, half dozen of the other – to quote a cliché.

One portion of the office space market is not staying level. **Lease rates are continuing a fast downward spiral.** **Michael Buls**, whose Buls Hodge Consulting company tracks the office market, points out the average base rate for Class A office space in January was \$17.60 per square foot. At the end of August, the average had dipped all the way to \$13.83.

Buls says the overall office space vacancy rate in the Austin area “continues to hover around 22%.” But, as always, some areas have more space available than others. For instance, Buls said the combined vacancy rate in Far Northwest and Northwest is just more than 30%.

Late correction. Way back in our 7/18/03 letter, we made a passing reference that **Stephen F. Austin** staked out Austin's boundaries. Not true, attorney **Walter Bissex** of Fulbright & Jaworski points out. **Mirabeau B. Lamar**, the first elected VP of the Republic of Texas and its second president, picked the City of Austin for the new capital *after Stephen F. Austin had died*. Bissex says Lamar did not want the capital of Texas to be named for his rival, **Sam Houston**, and knew he couldn't propose naming it after himself. “So he named the new capital after Stephen F. Austin (a dead hero has few political enemies),” said Bissex. Thanks, Walter.

Speaking of corrections, **Dr. Louis Overholster** likes to point out that journalists do not live by words alone, although sometimes they have to eat them! Ouch!

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